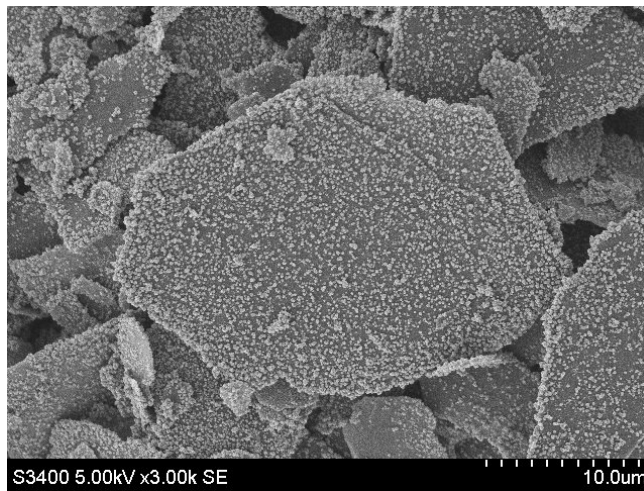


# CSR Report 2021

From Apr. 2021 to Mar. 2022



Newly developed product ADMOLITE (registered trademark 6393734)  
IM-25BLACK (iron oxide coated mica, average 25  $\mu\text{m}$ , black)



YAMAGUCHI MICA CO., LTD.

Issued by CSR committee  
May 24, 2022

## 1. Top message

In 2021, there was a big challenge for us. It was registered with the Responsible Minerals Initiative (RMI) and was the first mica processor in the world to undergo an RMAP (Responsible Minerals Assurance Process) audit. We have been working on human rights due diligence in the supply chain related to mica mining and processing as a major issue of CSR management for a long time, with the additional designation of mica as a mineral to be surveyed by RMI, we believe that compliance with the RMAP audit is essential for the business continuity of mica processors.

The RMAP audit covers not only human rights but also the ESG field, and we received strict suggestions and advice. Hereafter, we think it was a good opportunity to further improve our CSR management and build a solid management system, we also recognized that it is our role to inform the supply chain of the requirements of our business activities and encourage improvements as necessary.

By the way, the infection caused by Covid-19 that has spread all over the world since the end of 2019 has not completely converged after two years. In February 2022, Russia launched an invasion of Ukraine with the aim of changing the status quo of sovereignty and territory by force, and the war has been prolonged. Such world affairs have a great impact on the market economy such as recession, high prices, and depreciation of the yen, and of course we are in a difficult situation.

But we must continue to move forward with our own beliefs toward a brighter future. Although it cannot be said that it is going well, we are steadily advancing our CSR activities step by step, and we would like to report on the results, status and future efforts as the "2021 CSR Report".

Finally, I pray for the peace and health of everyone and conclude my top message.

山口卓巳

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President  
YAMAGUCHI MICA CO., LTD.



## 2. Company policy

We have set up “Management Principle” which is the basis of the company’s raison d’etre, and set the “Quality Policy” and “Environmental Policy” under it. Furthermore, in 2021, we added the “Responsible Mineral Procurement Policy”.

These philosophies and policies are the basis of our thinking in formulating business plans and setting goals, and are incorporated into our specific activities. We are committed to the prosperity and development of society and the realization of a sustainable society.

### Management Principle

1. YAMAGUCHI MICA contributes to the prosperity and development of society through the manufacture and sale of mica-based powders.
2. In its activities, we will comply with social discipline, strive to respect human rights, protect the global environment, and act as a model for society.
3. Targeting mutual reflection of customers, vendors and employees as well as company development.

### Quality Policy

- (1) Provide products that meets ever-changing user’s needs and attract customer.
- (2) Develop unique products that deliver customers reliability and inspiration.
- (3) Improve our system which enables to provide quality, price and lead time that the customer’s request.

### Environmental Policy

- (1) Comply with environmental laws and regulations, our self-regulation and other requirements which we have agreed.
- (2) Consider the environmental impact of our corporate activity and working for resource saving and global environment conservation.
- (3) Clarify the purpose, target and plan, and continuously promote legal compliance, environmental pollution prevention, energy and resource saving, recycling, etc.

### Responsible Mineral Procurement Policy

- (1) YAMAGUCHI MICA will work with the supply chain to promote responsible mineral procurement with the aim of realizing a sustainable and responsible supply chain.
- (2) Conduct due diligence in the supply chain, including our company, and identify risks so that mineral procurement does not promote human rights violations such as conflict, child labor, and forced labor.
- (3) We encourage our supply chains to understand and cooperate with our concept of mineral procurement, and take corrective action in the unlikely event that a risk is found.

### 3. Company outline

Company name	YAMAGUCHI MICA CO., LTD.
Location:	Head office: Toyokawa, Aichi, Japan Toyohashi factory: Toyohashi, Aichi, Japan Shinshiro factory: Shinshiro, Aichi, Japan Subcontract factory: Andhra Pradesh, India
Founded	Apr, 1951 (Established in Aug, 1960)
Capital	JPY 47.6 million
Annual sales	JPY 1.20 billion ( FY Sep, 2021 )
Categories	Ceramic, stone, clay product industries
Main business	Powder production and processing of mica and other inorganic minerals
Products	Wet grinding mica powder, dry grinding mica powder Wet grinding talc powder, photochromic pigments、 Various processing of surface treatment, heat-treatment and mica granulation, etc.
Employee	68 (As of Apr, 2022, including 3 non-regular employees)
Production volume	Wet grinding: 2,500t/year, Dry grinding: 1,000t/year
Main market	Plastics, cosmetics, paintings, rubber and ceramics

Head office (1954, former Kozakai-cho).



Head office  
now in Toyokawa City  
Site area: approx.5,000 m<sup>2</sup>



Toyohashi factory  
Site area : approx. 5,000 m<sup>2</sup>



Shinshiro factory  
Site area : approx. 27,000 m<sup>2</sup>

#### 4. Company history

1951	Founded at Toyohashi city, Aichi Pref, and started mica powder production
1954	Moved to Kosakai City, Hoigun (Present Toyokawa City)
1960	YAMAGUCHI UNMO CO., LTD. was established
1978	Started production for cosmetics (Improving product quality and multiproduct production)
1988	Toyohashi factory was newly established
2003	Toyohashi 2nd factory was newly established (closed in 2019 and relocated to Shinshiro Factory)
2004	ISO9001certified (LRQA, updated to 2015' s cert in 2017)
2005	Production of wet grinding started at a subcontract factory in India
2009	Production of dry grinding started at a subcontract factory in India
2010	Company name was changed to YAMAGUCHI MICA CO., LTD.
2016	Introduction of CSR Management and became a member of UN Global compact
2018	Shinshiro factory was newly established and started production
2020	Formed BCP committee, and acquired company certification under the "Business Continuity Enhancement Plan" by the Small and Medium Enterprise Agency
2021	Registered in the list of mica processors of the Responsible Minerals Initiative

#### 5. Associations for CSR

U.N Global Compact



WE SUPPORT

Sedex



ACE



Responsible Mica Initiative



EcoVadis





## 6. CSR Approach

We endorse the ten principles in the four areas of the United Nations Global Compact listed below.

Human right	Principle 1. Business should support and respect the protection of internationally proclaimed human rights; and Principle 2. Make sure that they are not complicit in human rights abuses.
Labour	Principle 3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4. the elimination of all forms of forced and compulsory labor; Principle 5. the effective abolition of child labor; and Principle 6. the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7. Business should support a precautionary approach to environmental challenges; Principle 8. undertake initiatives to promote greater environmental responsibility; Principle 9. encourage the development and diffusion of environmentally friendly technologies
Anticorruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery

We will consider and implement specific initiatives in our corporate activities to realize the SDGs.

### SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



#### 6-1 Corporate governance

##### 【 Achievement in 2021 】

###### ■ CSR committee activity

- Associated CSR management with each in-house activity to promote all employee's understanding for

“Raw material procurement”, “Environmental issue” “Health and safety”, “BCP”, “Job satisfaction”, “Mental and physical health”, “Markets and customer’s demands for CSR”, “Confidential information management”,

and the CSR Committee held bi-monthly meetings to discuss and manage each progress.

• The member of CSR committee are:

President, Director of CSR committee (CSR chairman and BCP chairman), Assistant general manager of sales technology, Manager of general affairs and accounting, Manager of purchasing, Chairman of safety and health committee.

■ Health and safety committee activities

• A monthly committee was held in which the officer in charge and representatives of each workplace participated to check the status of workplace safety and health, propose improvements to the workplace environment, and promote specific improvement activities.

■ BCP committee activities

• A committee was held every other month in which the officer in charge and representatives of each workplace participated to build an internal system related to BCP and to plan and manage training in preparation for a disaster.

■ Strengthening the CSR management system

• Conducted a voluntary CSR evaluation of the CSR platform EcoVadis and received a silver medal in April 2021.

• In December 2021, we registered our three factories with the Responsible Minerals Initiative as mica processors and underwent an RMAP (Responsible Minerals Assurance Process) audit from January to February 2022.

• In January 2022, the “Responsible Mineral Procurement Policy” was enacted.

■ Efforts for transparency of our management

• The “2020 CSR Report” was released in June 2021 both inside and outside the company.

• We posted CSR reports and CSR-related activities on our website as needed to disseminate information.

• Through company policy presentations and job system meetings, employees were thoroughly informed about corporate activities, including CSR.

【 Plan for FY2022 】

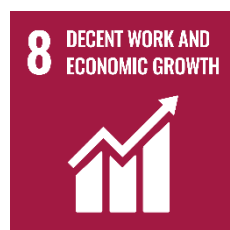
Continue CSR Committee activities.

Continue health and safety committee activities.

Continue BCP Committee activities.

Rebuild the CSR management system as a corrective measure for RMAP audits.

Continue to work on transparency of our management.



## **6-2 Human rights**

### **【 Achievement in 2021 】**

- Although it was postponed for about two years due to the influence of Covid-19, audit of one Indian raw material supplier's mining and processing plant (using SMETA audit form by CSR platform Sedex) completed in March 2022, it proved that there is no child labor.
- We have continued to solicit the international NGO "Responsible Mica Initiative" aiming to eradicate child labor in the mica mining area of India, and the membership of all the suppliers in the northeastern part of India that we deal with has been completed. The main activities of this NGO in 2021 were the creation of audit forms, the development and start of operation of traceability platforms, and human rights education in mica mining areas.
- The Responsible Minerals Initiative, an organization that manages responsible mineral procurement, has designated mica as a target mineral because of the risk of human rights issues such as child labor, along with listing mica processors, a new survey of EMRT (Extended Minerals Reporting Template) has started operation. We took the initiative to register our company on the list and were the first in the world to undergo an audit (RMAP audit) by our organization as a mica processor. We also encouraged our suppliers to be listed and audited.

### **【 Plan for FY2022 】**

- Update our written survey of non-child labor in mica mines and processing plants for our suppliers.
- We support and cooperate with the activities of the "Responsible Mica Initiative" and "Responsible Minerals Initiative", and work with our suppliers to promote the eradication of child labor in the region.
- After the Covid-19 has converged, we will audit our Indian suppliers.



## **6-3 Employment practice**

### **【 Achievement in 2021 】**

- In order to follow up on the operation of the personnel evaluation system and salary increase promotion system introduced for "improvement of job satisfaction", in April and October, the general affairs manager conducted appraisal training and deepened understanding of the system.
- Continuing from the previous year, the Safety and Health Committee discussed work safety management, measures against heat/cold and back pain at the manufacturing site, and promoted improvements.
- In addition to safety patrols (accident prevention) by health and safety committee members, all officers carried out BCP patrols (earthquake countermeasures) and safety patrols (accident prevention) at each factory this year, and labor and management shared awareness of areas that require countermeasures and improvements.
- In September 2021, all employees were subjected to an online stress check by an external organization, and the results were individually fed back.
- In October 2021, the General Affairs Division conducted a harassment questionnaire for all employees, and in November, the general affairs manager reported the aggregated results and internal conditions, and urged employees to correct problems.
- Labor-management round-table conferences were held regularly between officers and worker



representatives to exchange opinions on working conditions and regulations. As part of creating an environment where employees can work comfortably, in November 2021, we announced the leave system for nursing and long-term care. In March 2022, it was revised to make it easier to take such as increasing the number of vacation days and allowing hourly acquisition.

**【 Plan for FY2022 】**

- Promote the creation of a comfortable working environment and the creation of an in-house system, both physically and mentally.
- Promote the creation of a workplace where all employees can play an active role regardless of gender.
- Regularly conduct stress checks and harassment questionnaires to encourage early detection and treatment of problems.
- Consider a new education system for human resource development.



**6-4 Environment**

**【 Achievement in 2021 】**

- We grasped the CO2 emissions from the use of electricity and gas for the past four fiscal years, and set the target value for the 63rd term (Oct. 2021-Sep. 2022) to 0.427 kg of CO2 emissions per kg of production.

Fiscal year	59th term	60th term	61st term	62nd term	63rd term (Target)
CO2 emissions (t)	1,398	1,277	1,083	1,167	1,280
Production quantity (t)	3,316	3,119	2,435	2,695	3,000
CO2 emissions per kg of production (kg)	0.422	0.409	0.445	0.433	<b>0.427</b>

- Positioning “reduction of electricity, gas, and water usage” and “reduction of waste” as priority themes for improvement proposals, we are working to come up with ideas and implement improvements. The effect of the improvement will be confirmed in the 63rd fiscal period (Oct. 2021-Sep. 2022).

**【 Plan for FY2022 】**

- In order to achieve the target of CO2 emissions per kg of production in the 63rd fiscal period (October 2021-September 2022), we will work on ideas for energy reduction of electricity and gas and improvements implement.
- The improvement effects of “reduction of electricity, gas and water usage” and “reduction of waste” will be quantified and confirmed in the 63rd fiscal period (October 2021-September 2022).



## **6-5 Fair business practice**

### **【 Achievement in 2021 】**

- The “Confidential Information Management Regulations” were enacted and came into effect in October 2021. Printed documents, electronic files, etc. are classified according to the level of confidentiality, the management system and management method are defined, and the rules for properly managing the confidential information held by the company are clarified.
- Continued to operate the “Internal Reporting Regulations” for early detection, correction, and resolution, if there is an act that violates laws and regulations, an ethical problem, an act that violates the rules, or any other act that is suspected to be caused by an employee including an officer.
- Based on the personnel evaluation, we were able to appoint a new female manager and show our gender equality.

### **【 Plan for FY2022 】**

- Create a system to systematically implement compliance education within the company.
- Review the system for managing business partners in general, and promote understanding and consent confirmation among our suppliers, subcontractors, and other business partners regarding our code of conduct, including human rights and ESG.



## **6-6 Consumer Affairs**

### **【 Achievement in 2021 】**

- New product development
  - Metal oxide-coated powder “ADMOLITE” (registered trademark 6393734) has been adopted for cosmetics and is now on sale.
  - We have proposed to our customers the spherical silica surface-treated product “PSG-05WA5”, which was developed as an alternative material to cosmetic microplastic beads which is considered to be one of the causes of marine pollution, and are being evaluated by several companies.
- Procurement of raw materials for mica in India
  - Due to the impact of Covid-19, it was not possible to procure as planned in the first half of 2021, but it has improved from the second half. The final target for 2022 of our three-year plan “2019-2022 Raw Material Procurement Policy” regarding raw material procurement for mica in India is expected to be achieved.
  - The details of human rights due diligence are as described in the previous section.
- Compliance with laws and regulations related to safety and the environment
  - We collected information on the registration of cosmetic ingredients and registered some products with the National Medical Products Administration (NMPA) of China.
  - We collected information on China’s Cosmetic Safety Technical Standards (2015 edition) and revised the standards as needed for cosmetic products.

### **【 Plan for FY2022 】**

- Continue to develop new products that meet customer needs, focusing on powder processing.
- Continue the human rights due diligence required for the procurement of raw materials for mica in India and achieve the goals of our “2019-2022 Raw Material Procurement Policy”.

- Continue to promptly collect and respond to new enforcement and revisions of laws and regulations related to safety and the environment.



## 6-7 Community Involvement and Development

### 【 Achievement in 2021 】

- Organizations related to human rights and ESG
  - Applied for the Responsible Minerals Initiative, an organization that manages responsible mineral procurement, as a mica processor and was registered on the list.
  - Continued participation for “UN Global Compact”, NGO the “Responsible Mica Initiative” and provided information requested by each organization as needed.
  - Continued participation for NGO “ACE” and exchanges. In July 2021, we made a donation to support the “International Year of the Elimination of Child Labor! ACE SDG Project 2021”.
- CSR platform
  - Continued participation for “Sedex” and “EcoVadis” and conducted an annual self-audit and information is disclosed on each platform.
- Academic and industrial organizations
  - Continued participation in “THE SOCIETY OF COSMETICS OF JAPAN”, “Japan Cosmetic Suppliers Association”, “Filler Society of Japan” and “Japan Hygienic Olefin And Styrene Plastics Association”
  - Joined the Cabinet Office “Regional Revitalization SDGs Public-Private Partnership Platform”.
- Social contribution activities
  - In support of the activities of the Ai Cap Committee of the “Aichi Prefecture Plastic Recycling Cooperative”, we collected PET bottle caps. The 4,042 caps donated by our Company in November 2021 will be enough for about 5 children’s vaccines in the world.
  - In October 2021, we cooperated with the comprehensive study of Shinshiro Municipal Yana Junior High School and carried out company information at the Shinshiro Factory.

### 【 Plan for FY2022 】

- Continue to participate in various CSR-related organizations, local communities, industrial and academic organizations, and contribute to activities.
- Continue to disclose CSR information and business activities on our CSR platform and website to promote understanding of our company externally.



## 7. CSR information

We update CSR report every year and publicize in our web site.

If you have any question and comment, please contact to:

Dept.	Planning div, YAMAGUCHI MICA CO., LTD.
Contact:	ITO or NISHIDA (Member of CSR committee)
E-mail:	csr@ymsc.co.jp